



## 3 Top Energy Stocks to Buy in 2022

### Description

Energy is an essential part of our lives. The decarbonization transition is happening, but it's going to take years. Meanwhile, here are three top energy stocks that are solid plays for 2022 and beyond.

### Canadian Natural Resources stock

**Canadian Natural Resources** ([TSX:CNQ](#)) ([NYSE:CNQ](#)) was a surprisingly resilient energy stock during the pandemic last year when world economies shut down. In 2020, although the energy stock reported a net loss of \$435 million and generated operating cash flow at only half its normal levels, it went on increasing its dividend like it did in the last 20 years or so. This is a clear demonstration of shareholder friendliness.

It's important to point out that management did not blindly increase its dividend carelessly. Its 2020 free cash flow generation was sufficient to cover the dividend payments with \$204 million left over.

Scotia Capital has a "Sector Outperform" rating on [CNQ](#) and describes the company as

"deeply rooted in the Canadian energy industry and, through organic growth as well as both property and corporate acquisitions, has become one of the dominant producers of conventional oil and gas in Western Canada. The company has active operations internationally in the North Sea and Africa. It is also a significant oil sands producer..."

Jason Bouvier, the analyst at the big bank also had a neutral take on CNQ's acquisition of Storm Resources last month, as the latter was 2% of the company's production.

At under \$52 per share, the energy stock yields 4.5% and has almost 22% near-term upside potential based on the analyst 12-month average price target.

## TC Energy stock

If you're a risk-averse investor, you might prefer lower-risk energy infrastructure stocks like **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) over an oil and gas producer like CNQ that is easily impacted by volatile commodity prices. TC Energy primarily transports energy (mostly natural gas), but it also has a liquids pipeline network, natural gas storage assets, and about 4,200 MW of power generation capacity.

TC Energy has the same dividend-growth streak as Canadian Natural Resources. However, because of the stability of its cash flow, there was no question that the energy stock could keep its dividend safe during the testing economic times last year.

At about \$60 per share, the energy stock yields almost 5.8% and has a near-term upside potential of 11% based on the analyst 12-month average price target. TC Energy is perfect for conservative investors looking for high passive income.

## Brookfield Renewable stock

[Renewable energy](#) is the energy of the future, though the transition to renewable energy will take decades. This also suggests that **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) will have decades to grow.

Here's Scotia Capital analyst, Robert Hope's commentary on BEP last month:

"...We view Brookfield Renewable as a well-run company with premium assets and a strong growth profile, which warrants a premium valuation. Given fund flows towards ESG-friendly names as well as additional clarity on its robust growth profile, we believe that Brookfield Renewable's valuation will remain higher than in the past..."

What's its growth profile? The pure-play renewable power platform has about 20,600 MW of operational capacity across its multi-technology portfolio, and it has about 35,700 MW of projects in development. That is a big backlog.

The energy stock has approximately 20% near-term upside potential, and it yields 3.4% — a growing cash distribution in the 5-9% range.

### CATEGORY

1. Energy Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:CNQ (Canadian Natural Resources)
3. NYSE:TRP (Tc Energy)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)

5. TSX:CNQ (Canadian Natural Resources Limited)
6. TSX:TRP (TC Energy Corporation)

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